

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
Universal Service Reform - Mobility Fund)	WT Docket No. 10-208
)	
Sandwich Isles Communications, Inc.)	
Petition for Waiver of the Commission's)	
Rules implementing reform of)	
Universal Service Support and Intercarrier)	
Compensation for Rate-of-Return carriers)	

REPLY COMMENTS OF
ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC.
BRISTOL BAY TELEPHONE COOPERATIVE, INC.
COPPER VALLEY TELEPHONE COOPERATIVE, INC.
NUSHAGAK COOPERATIVE
OTZ TELEPHONE COOPERATIVE, INC.
TELALASKA, INC.

This submission by the above named companies is in response to the Federal Communications Commission's (Commission) request for reply comments on a petition filed by Sandwich Isles Communications, Inc. (Sandwich Isles)¹ for waiver of the Commission's newly adopted universal service (USF) and intercarrier compensation (ICC) reform rules. The companies support Sandwich Isles request for a waiver of the Commission's rules.

Sandwich Isles is a rural local exchange carrier serving the Hawaiian Home Lands (HHL) since 1998. It has deployed a broadband communications platform, including a statewide transport network to provide bandwidth to the most rural reaches of the State of Hawaii. Over the last 14 years it has made significant investment using the Rural Utilities Service (RUS) and other commercial lenders to finance its network. These investments were made during a regulatory regime that provided cost recovery and a return on investment that allowed Sandwich Isles and the RUS to be confident about repayment of the loans. However, action taken by this Commission has destroyed the security of the loans and undermined the ability of Sandwich Isles to maintain its operations. Such an outcome takes away the State of Hawaii's ability to rely on Sandwich Isles for deployment of broadband communications infrastructure on developing HHL.

As Sandwich Isles explained in its petition, a robust broadband communications platform is essential to the resettlement of the HHL. Resettlement is dependent on economic development and jobs creation, especially on the "neighbor islands" where the majority of HHL remain to be

¹ Sandwich Isles Communications, Inc. Petition for Waiver of the Commission's Rules implementing reform of Universal Service and Intercarrier Compensation for Rate-of-Return carriers, WC Docket No. 10-90 and WT Docket No. 10-208 (filed December 30, 2011); see also Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, (rel. Nov. 18, 2011) (USF/ICC Transformation Order and FNPRM).

resettled. Newly developed geographically isolated communities cannot be resettled and sustained without an economic base needed for perpetuation.²

In 1921 Congress passed the Hawaiian Homes Commission Act (HHCA) specifically for the purposes of assuring long-term tenancy to beneficiaries of the Act and their successors; providing adequate amounts of water and supporting infrastructure, so that homestead lands will always be usable and accessible, and providing financial support and technical assistance to native Hawaiian beneficiaries of this Act, so that by pursuing strategies to enhance economic self-sufficiency and promote community-based development, the traditions, culture and quality of life of native Hawaiians shall be forever self-sustaining. Furthermore, it was stated that nothing in the Act shall be construed to alter the obligations of the United States and the State of Hawaii to carry out their public trust responsibilities under section 5 of the Admissions Act to native Hawaiians and other descendants of the indigenous citizens of the Kingdom of Hawaii.³

It is readily apparent that Acts of Congress, Treaties, etc. have specific goals, objectives, and desired outcomes that should not be negated or made inoperative by a Federal agency's actions. In the newly adopted USF/ICC reform rules, the Commission's general policy direction intended for an entire industry has modified a long-standing regulatory regime that allowed Sandwich Isles in partnership with the State of Hawaii to fulfill the trust responsibilities established in the HHCA. Action taken by the Commission should not cause an Act of Congress to falter. However, that is the consequence of newly adopted USF/ICC rules that strip away

² Petition at pgs. 19-20.

³ Petition at pg. 7

federal support needed to settle and develop tribal lands not only in Hawaii, but also in Alaska and the lower 48.

Because our companies serve Alaska Native villages situated on tribal lands, and because our operations are similarly threatened by the Commissions USF/ICC reform rules, we support and endorse waiver of these rules for Sandwich Isles, as requested in its Petition for Waiver.

Respectfully submitted,

Steve Merriam, CEO/General Mgr.
Arctic Slope Telephone Assn. Coop., Inc.

Todd A. Hoppe, General Manager
Bristol Bay Telephone Coop., Inc.

Dave Dengel, CEO/General Mgr.
Copper Valley Telephone Coop., Inc.

Mike Megli, CEO/General Mgr.
Nushagak Cooperative

Doug Neal, CEO
OTZ Telephone Cooperative, Inc.

Brenda Shepard, CEO
TelAlaska, Inc.

February 24, 2012